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THE

U. S. DEPARTMENT OF AGRICULTURE
Demand and

Price

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D.C.

BHE

MARCH 1947

Approved by Outlook and Situation Board, March 26, 1947

CONTENTS

	Page		Page
Summary.....	1	Corn and Other Feeds.....	7
Output and Employment	3	Wheat.....	8
Commodity Prices.....	3	Fruit.....	8
Farm Income.....	4	Commercial Truck Crops...	9
Dairy Products.....	5	Potatoes.....	9
Poultry and Eggs.....	5	Cotton.....	10
Livestock and Meat....	6	Wool.....	11
Fats, Oils and Oilseeds	6	Tobacco.....	11

SUMMARY

Domestic demand for farm products continues to be supported by industrial production at a record peacetime high, and by total income payments that are still rising. For some products, export demand now promises to be larger than had been expected, and prices of those products have risen since mid-February following Government purchases for export and in speculative anticipation of future export requirements.

Grain prices in particular are higher than a month ago. The rise can be attributed in part to heavy purchases of corn, wheat and flour for export, many of which were for delivery in February and March. Moreover, recent reports on conditions in Europe and requests for additional relief probably have stimulated considerable speculative buying in the grain markets.

ECONOMIC TRENDS AFFECTING AGRICULTURE

	: Unit or:	1946					: 1947
	: base	: Year	: Jan.	: Oct.	: Nov.	: Dec.	: Jan.
	: period	:	:	:	:	:	:
Industrial Production <u>1/</u>	: 1935-39	:	:	:	:	:	:
Total	: = 100	: 170	160	181	183	182	188
All manufactures	: "	: 177	163	188	191	190	196
Durable goods	: "	: 192	166	214	214	211	220
Nondurable goods	: "	: 165	161	168	173	173	177
Minerals	: "	: 134	141	145	136	137	145
Construction activity <u>1/</u>	: 1935-39	:	:	:	:	:	:
Contracts, total	: = 100	: 263	186	253	242	268	254
Contracts, residential	: "	: 243	150	343	299	350	353
Wholesale prices <u>2/</u>	: 1935-39	:	:	:	:	:	:
All commodities	: = 100	: 150	133	166	173	175	176
All commodities except farm	:	:	:	:	:	:	:
and food	: "	: 135	124	143	149	154	157
Farm products	: "	: 196	171	218	223	221	217
Food	: "	: 165	136	200	209	202	197
Prices received and paid by	: 1910-14	:	:	:	:	:	:
farmers <u>3/</u>	: = 100	:	:	:	:	:	:
Prices received, all prod....	: "	: 233	206	273	263	264	260
Prices paid, int. and taxes..	: "	: 194	177	207	212	213	215
Parity ratio	: "	: 120	116	132	124	124	121
Consumers' price <u>5/ 6/</u>	: 1935-39	:	:	:	:	:	:
Total	: = 100	: 139	130	149	152	153	153
Food	: "	: 160	141	180	188	186	184
Nonfood	: "	: 128	124	131	132	135	136
Income	: 1935-39	:	:	:	:	:	:
Nonagricultural payments <u>4/</u> ...	: = 100	: 239	229	244	247	250	252
Cash farm <u>3/</u>	: "	: 300	267	348	367	363	266
Income of Industrial Workers <u>3/</u>	: "	: 264	235	288	293	300	301
Factory payrolls <u>5/</u>	: "	: 277	244	305	310	319	320
Weekly earnings of factory	: Dollars	:	:	:	:	:	:
workers <u>5/</u>	:	:	:	:	:	:	:
All manufacturing	: "	: 43.73	41.15	45.73	45.78	46.86	46.79
Durable goods	: "	: 46.48	43.67	48.90	48.60	49.51	49.20
Nondurable goods	: "	: 41.01	38.75	42.45	42.86	44.14	44.29
Employment	:	:	:	:	:	:	:
Total civilian <u>7/</u>	: Millions	: 55.2	51.0	57.0	57.0	56.3	55.4
Employees in nonagri. est. <u>5/</u>	: Thous.	: 38,966	37,013	40,175	40,381	40,795	39,657
Farm <u>3/</u>	: "	: 10,012	7,732	11,486	10,809	9,405	8,272
Government finance (Federal) <u>8/</u>	: Mil. dol.	:	:	:	:	:	:
Receipts, net	: "	: 3,467	3,819	2,544	2,364	4,107	3,820
Expenditures	: "	: 3,817	4,891	3,023	2,557	3,618	3,005

Annual data for the years 1929-45 appear on page 20 of the March 1946 issue of the Demand and Price Situation.

Sources: 1/ Federal Reserve Board; converted to 1935-39 base. 2/ U. S. Dept. of Labor, B.L.S. 3/ U. S. Dept. of Agriculture, BAE. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor B.L.S. 6/ Consumers' price index for moderate-income families in large cities. 7/ U. S. Dept. of Commerce, Bureau of Census. 8/ U. S. Dept. of Treasury. Data for 1945 are on average monthly basis.

OUTPUT AND EMPLOYMENT

Industrial production in February continued at the record peacetime rate of January. The Federal Reserve Board's seasonally adjusted index of industrial production remained at 188 percent of 1935-39, 20 percent above the same month a year ago and 3 percent above the fourth quarter of 1946. It is still 24 percent lower than the wartime peak of 247. Output of steel continued at the record peacetime high reached in January.

February motor vehicle production was at an annual rate of 4.8 million units, about equal to 1941. During the last two weeks in February and first two weeks in March, however, production was at an annual rate of 5.4 million, which is the highest since the end of the war.

Total employment, according to estimates made by the Census Bureau, increased from 55.4 million in January to 55.5 million in February, which was 4.3 million more than a year ago. The labor force increased from 57.8 to 58.0 million between January and February, with the result that the number unemployed rose from 2.4 million to 2.5 million. Employment in nonagricultural industries declined about 300,000 persons, but this was more than offset by a seasonal increase in farm employment of about 400,000.

Total income payments, seasonally adjusted, increased slightly from December to January, continuing the rise that began in February of last year. Both farm income and manufacturing and mining payrolls declined at the turn of the year less than their seasonal normal. In addition, payments of unemployment benefits were higher in January than in December. These two factors were the dominant cause of the increase in total income payments.

All salary and wage payments, also rising slightly from December to January, reached in the latter month a level only 3 percent lower than the wartime peak attained in February 1945.

The seasonally adjusted dollar value of sales at department stores for February, as reported by the Federal Reserve Board, was about 2 percent higher than in January but slightly below average sales during the second half of 1946. It was 8 percent above the same month a year ago. The physical quantities of goods sold may have declined slightly since February of last year, however, since average prices of nonfood commodities were about 10 percent higher in February 1947 than in February 1946.

COMMODITY PRICES

Wholesale prices of all commodities rose from 140 (1926 = 100) for the first week in February to 149 for the second week in March, a change of about 6 percent. This index had previously been fairly steady around 140 since November 1946. Much of the rise since early February can be attributed to higher prices for food and farm products.

During the four-month period of rather stable wholesale prices of all commodities, average prices received by farmers had also stayed within rather narrow ranges. The index varied between 260 and 264 (1909-14 = 100). In the period from November to February, rises in crop prices had about counterbalanced declines in prices of livestock and livestock products. Food grain prices rose about 7 percent, and truck-crop prices rose seasonally about one-third, while most other crops remained about steady. As a consequence, the index of prices received for all crops had gained by February a level slightly above that of

mid-October when prices of many farm products shot up temporarily following decontrol. Offsetting these gains, livestock and livestock product prices dropped from 294 in November to 278 in mid-February. This decline resulted from lower prices for dairy products, poultry and eggs. Meat animal prices declined moderately from mid-November to January, but in February they rose rapidly and regained their high mid-October level.

Because domestic demand has continued to be favorable, prices of nearly all farm products have participated in a rise since early February. They have been further strengthened by recent reports on conditions in Europe and requests for additional relief. Prices of grains have been strengthened by increased activity in cash markets to meet export commitments and by speculation in anticipation of continued large exports.

Continued strong domestic demand and prospects for large agricultural exports should hold average prices of farm products at high levels during the next few months.

Prices paid by farmers including interest and taxes reached a new high of 221 (1910-14 = 100) in mid-February. The index was 215 in January, having risen steadily from a level of 200 in September. Higher prices for lumber and field seeds caused most of the rise in the index during the last month, but prices of clothing and furniture also rose. Recent rises in prices of wholesale commodities, particularly foods and major feed grains, indicate the likelihood that prices paid by farmers have advanced further since mid-February. Prices paid are expected to remain at high levels during the next few months.

FARM INCOME

During the first 4 months in 1947, farmers probably will receive about 7.7 billion dollars from the sale of farm products and from Government payments compared with 6.1 billion dollars during the same period last year. This gain of 26 percent results chiefly from increases in prices, since quantities of marketings have not changed materially and Government payments may be only 40 percent as large as a year ago. Cash receipts from livestock and products are expected to total around 5.2 billion dollars, 44 percent above 1946. For meat animals, cash receipts may be 60 percent greater than last year, primarily because prices are expected to be about 55 percent above a year ago. With prices about one-third higher than in 1946, cash receipts from dairy products are expected to show a gain of a little more than a third for the first four months of 1947 over cash receipts from products sold during the same months of 1946. They may amount to a gain of only 10 percent, however, over receipts from products plus dairy payments in 1946. Cash receipts from crops during the first four months in 1947 probably will be about 2.3 billion dollars, 10 percent greater than in 1946. Substantial gains will be recorded in food grains, feed crops, and tobacco. Average prices of all crops may be up as much as 17 percent, with the total volume of marketings down slightly.

Total cash receipts (including Government payments) for the month of March were about 1.9 billion dollars, 6 percent above February and nearly one-third more than in March 1946. Prices also were one-third above March 1946. Receipts from livestock and products was around 1.3 billion dollars, 10 percent greater than February, with meat animals, dairy products, and poultry and eggs all showing seasonal gains. They were 50 percent above March of last year. Cash receipts from crops were about 500 million dollars, slightly below February and about the same as in March 1946. Prices for all crops except fruits and nuts were higher than last year. Receipts from grains and some other crops were

higher, but receipts from cotton, vegetables, and fruits were down.

In April, total cash receipts may again be around 1.9 billion dollars, nearly one-fifth more than in April last year. Higher prices will account for most of the gain over a year ago. Cash receipts from livestock and products may be a little above March and nearly 40 percent greater than last year. Receipts from all crops will probably total about the same as in March and 10 percent above April 1946. Those from grains are expected to be above the same month last year but receipts from vegetables will be lower.

DAIRY PRODUCTS

Farm cash receipts from the sale of milk and other dairy products in 1947 probably will exceed any previous year except 1946. Prices received by farmers for milk and butterfat in the first half of 1947 probably will average higher than in the same months a year ago. During that period, however, they are expected to show declines greater than the seasonal normal. They have already fallen more rapidly than normal from the peaks of last fall, and further declines at least equal to normal are likely to occur from March through June.

Consumption of milk as fluid is expected to drop slightly, resulting in the diversion of whole milk into the production of other dairy products. Of the several manufactured products, quantities of whole milk powder moving into export may decline. Foreign types of cheese produced in the United States will meet competition from imports and from Cheddar and other types of American cheese.

This expected shift of some whole milk into manufacture of dairy products will tend to reduce 1947 cash receipts from the sale of all dairy products slightly below 1946, because farmers receive lower prices for milk used in the manufacture of dairy products than for milk consumed as fluid.

POULTRY AND EGGS

Prices of all poultry products were rising early in March. Eggs advanced even though they usually decline at this time of year. Chicken and turkey prices, which usually rise in March, moved up more than normal. This strength resulted from higher prices for competing products, particularly meats, and from some Government purchases of eggs and turkeys.

Civilian demand for eggs is likely to be high for several months. Prices probably will continue for sometime at or near support levels (90 percent of parity), and will be above last year. Per capita egg consumption in recent months has been at a record rate and probably will continue at this rate for the next few months. The relationship between red meat prices and egg prices has favored a high level of egg consumption.

In the last quarter of 1947, egg prices are likely to increase less than seasonal because of increasing supplies of red meats, and will be affected if consumer purchasing power should decline.

Supplies of chickens and turkeys for April through December, 1947 may be about the same as in the corresponding period of 1946. Slaughter of chickens from farm flocks probably will be less than in 1946 when inventories were reduced 10 percent. However, this smaller output from farm flocks is likely to be offset by a larger commercial broiler production. Turkey production probably will

be moderately less during the remainder of 1947 than a year ago, but the cold-storage stocks, highest on record, will keep total supplies on the market about the same as last year. Prices of both chicken and turkey probably will increase during the next few months, but are likely to be declining by the last quarter.

LIVESTOCK AND MEAT

Livestock and meat prices were at record or near-record levels during March, held up by strong consumer demand. Because demand is likely to remain strong and supplies will not change greatly, livestock prices in general are expected to continue high through spring and early summer.

Total meat production probably will be greater in 1947 than in 1946. Beef and veal production will be very large; pork is likely to be smaller than a year earlier; and lamb and mutton will be the smallest in almost 20 years.

Hog prices are likely to continue high through the summer. Hog slaughter will increase somewhat in April-June when marketings of 1946 fall pigs are largest. For the first 3 months of 1947, total slaughter will be 5 to 10 percent less than a year earlier. The high hog prices in relation to feed prices will encourage increased hog production, which will be reflected in larger pork supplies in late 1947 and in 1948.

Cattle prices moved up in early March. Prices of better grade slaughter cattle at the middle of the month were only moderately below the record highs reached shortly after removal of price controls last fall. Prices of feeder and low grade slaughter cattle again set new all-time records. The margins between feeder and fed cattle likewise are high, and are encouraging a continued large movement of cattle to feed lots.

Because of the present large number of cattle on feed, slaughter of fed cattle will increase through the spring and will depress prices moderately. Total cattle slaughter in 1947 is expected to be very large--possibly a record.

Lamb prices are expected to decline after May when new-crop lambs move to market in volume, but the rate of decline will be less than normal for this season. The early spring lamb crop in the principal producing States was estimated to be 7 percent smaller this year than last, chiefly because of reduced ewe numbers. The total lamb crop for 1947 will be smaller than in 1946 and the smallest in over 20 years.

FATS, OILS, AND OILSEEDS

Prices of fats, oils, and oilseeds are expected to decline by late summer or fall from the present exceptionally high level. Based mainly on indications that supplies will be larger in the next marketing year than in the current one. This prospective decline will be more pronounced if general business activity should be lower in late 1947 than at present. Prices are, nevertheless, likely still to be higher at the end of the year than their wartime level.

Production of fats and oils from domestic materials is likely to be substantially larger in the year beginning October 1947 than in the current marketing year. High prices for flaxseed and soybeans in relation to grain prices will lead to increased acreages of these crops, especially of flaxseed.

The expansion in hog production believed probable this fall and winter will mean an increase in lard and grease output in 1947-48.

Present high world prices for fats and oils probably will accelerate recovery in world output of oils and oil-bearing materials. This may result in an increase in net imports of fats and oils into the United States during the next marketing year.

The price of flaxseed at Minneapolis in mid-March was \$8.50 per bushel, the highest on record and more than 3 times the price of wheat. The 10-year average ratio between prices of flaxseed and wheat at Minneapolis is 1.9 to 1. Soybeans at Chicago in mid-March were above \$4.00 per bushel, also a record. The soybean-corn ratio, Chicago basis, was about 2.4 to 1 compared with a 10-year average of 1.7 to 1.

Prices of nearly all fats and oils continued to increase during February and early March. There were sharp increases in mid-March in prices of edible vegetable oils and lard. Crude soybean oil f.o.b. mills sold for 34 cents per pound on March 14, compared with 25 cents at the beginning of the year and a ceiling price of 11.75 cents last June. The price of prime steam lard at Chicago on March 14 was 31 cents per pound compared with 24 cents at the beginning of the year and the June ceiling of 13 cents.

Intentions of farmers to plant oilseed crops in 1947, as reported in March, indicate that flaxseed will jump to 4½ million acres, 70 percent above the 2.6 million acres planted in 1946. According to the same intentions, soybeans (grown alone for all purposes) will be planted on 12.2 million acres, 6 percent more than last year. But peanuts (grown alone for all purposes) are expected to drop to 3.8 million acres, 2½ percent below 1946.

CORN AND OTHER FEEDS

Prices of corn and most other feeds advanced sharply during late February and early March. They were supported by rising livestock prices and particularly reflected active commercial demand for corn for domestic processing and increased activity in markets by traders to meet commitments for export. Prices are likely to average less during this summer than their level after decontrol of prices in the summer of 1946.

Sales of corn from the 1946 crop probably will amount to about 800 million bushels, the largest on record. Contributing to this total is the large commercial demand, both for processing and for export, which is expected to be higher during the remainder of this marketing year (April-September) than in the same months of any previous year. Purchases of corn for export by the Department of Agriculture from October 1 through February 25 totaled about 50 million bushels. Purchases for export by both the Government and commercial trade channels during the entire marketing year ending September 30 are expected to reach at least 100 million bushels.

If farmers carry out their intentions as indicated March 1, the combined acreage of corn, oats, barley, and sorghums will total about 159 million acres in 1947 compared with 163.4 million acres planted in 1946, and 168.7 million acres for the 1941-45 average. If yields are about average for recent years, production of the four feed grains in 1947 would total around 116 million tons, 8 percent below the record 1946 production. But with the larger carry-over of feed grains that is in prospect this year, the total supply of feed grains for 1947-48 would approximate 132 million tons, about 3 percent smaller than for 1946-47.

WHEAT

Wheat prices advanced markedly from late January to March 18, then suffered a sharp reaction. In mid-January trade attitude was that prices would subsequently decline. At that time the CCC was offered more wheat than it was in the market to purchase. Prices soon began to rise, however, and traders who were short in either the cash or future markets had difficulty in covering their commitments. Prices continued to rise until the break after March 18.

Prices are expected to remain at high levels, although below those of mid-March, until the new winter crop begins to reach market. Prime factor in these prospects is the export program, a recent expansion of which was made possible by excellent prospects for the winter crop. The effect of exports on carry-overs, now expected to reduce stocks to low levels this spring, has been fully recognized only recently. Present prospects are that 1946-47 exports of wheat, as wheat or flour, will total about 350 million bushels. With imports negligible, net exports will be the second largest in our history, exceeded only by the 389 million bushels in 1945-46.

Announcement was made on February 25 that practically all of the wheat, as grain that was needed to meet the enlarged export goals had been purchased. These purchases of cash wheat included purchases for deferred delivery. Additional quantities of wheat will be needed by flour millers who want to maintain their wheat inventories to assure uninterrupted operation. Most of the wheat for this year's export program, as well as part of the flour, has been handled as in years past, through Government purchase. However, large volumes of flour and other grains are being handled through commercial trade channels. As a result of the coordinated effort of Government agencies and cooperation of railroads and shipping lines, the wheat and flour transportation situation has improved greatly. Reports indicate though, that movement of wheat through many country elevators is still delayed because of insufficient transportation.

Estimates of domestic distribution of the 1946 supplies are, in millions of bushels, 525 for food, 180 for feed, and 87 for seed. Since the total supply was 1,256 million bushels and exports will be about 350 million bushels, a carry-over on June 30 of between 100 and 125 million bushels is indicated. This would be considerably below the 235 million bushel average for 1932-41, and compares with 100 million bushels last July.

The United States wheat crop for 1947 may set another all-time record. This prediction is based on the present condition of the winter wheat crop, and on the intentions of farmers to plant spring wheat as reported in March. The last estimate of the prospective winter crop is 947 million bushels. If farmers carry out their intentions to plant spring wheat and get yields equal to the 1937-46 average, the spring wheat crop will be 265 million bushels. The total wheat production so estimated would be 1,212 million bushels. The total production in 1946 was 1,156 million bushels.

FRUIT

Further slight advances in prices received by growers for fruit seem likely in April and May. Supplies of apples and pears will be declining rapidly and those of grapefruit will begin to decline. Supplies of oranges will be maintained, but will consist mainly of the higher-priced Valencias. To these price-strengthening factors may be added the large export demand for Texas grapefruit and a renewed processor demand for oranges.

As Valencias become a more important part of total marketings this spring, average prices of oranges at terminal auction markets probably will increase slightly. Larger increases will be prevented by the large total supplies still remaining to be marketed. Supplies in Florida in early March were nearly as large as a year earlier despite the loss of 8 million boxes from cold and wind in February. Supplies in California were larger than a year ago by about 8 million boxes, with 6 million of the difference occurring in Valencias to be marketed mainly in summer and fall.

Prices for grapefruit also may advance slightly this spring. Although processor demand for grapefruit is not quite as strong as for oranges, the export of about 500,000 boxes of Texas grapefruit to the United Kingdom and about 75,000 boxes to Sweden is strengthening the market. Total supplies of grapefruit March 1 were about 2.5 million boxes larger than a year earlier despite the loss of 3.5 million boxes in Florida from cold weather.

q . Prices for apples and pears at shipping points and terminal markets have been advancing steadily this winter under a strong demand and are expected to make slight additional advances as storage stocks decline further this spring.

Prices received by growers for strawberries are expected to continue higher than a year earlier until April, when the early spring movement from Louisiana and other southern States gets well under way. Later they may drop slightly below prices of last spring. According to preliminary estimates, the early spring crop of strawberries will be nearly one-third larger than in 1946.

COMMERCIAL TRUCK CROPS

Prices for most commercial truck crops for fresh market this spring are expected to be slightly higher than a year earlier because of the moderately smaller production that is anticipated. Of 12 crops for which some estimates have been made, all but asparagus, beets, spinach and watermelons, will have smaller averages than last spring. Honey Ball Melons are expected to show the greatest drop in average

Cold weather in February, which destroyed a substantial part of the winter-season commercial truck crops and caused a reduction in rate of shipments, was followed by a sharp rise in prices.

Reports received from canners and freezers indicate that they plan to contract and plant an acreage of green peas for processing about 4 percent smaller than in 1946. These intentions may be modified before actual plantings are made.

Reports received in late February from canners and freezers of spinach in California and Texas indicate a 1947 production 4 percent less than the 1936-45 average and 26 percent less than in 1946. This reduction is caused by a drop in acreage for processing. Yields are somewhat larger than last year.

POTATOES

Prices received by farmers in April for 1946 crop potatoes are expected to rise slightly following the usual seasonal pattern. They will be somewhat below a year ago because of the very large supplies of both table stock and certified seed potatoes that are on hand.

Prices growers will receive for commercial early new potatoes this spring are expected to average slightly higher than a year earlier, as total commercial early acreages are now expected to be smaller this year. In the winter crop areas of Texas and Florida production this year was far below that of last winter and the 10-year average. Acreage planted for early spring harvest in Florida and the Lower Valley of Texas, estimated at 25,100 acres, is sharply below the 34,900 acres harvested in the same areas last year. Acreage intentions for late spring and summer areas also indicate probable acreages below last year and below average. If the acreage intentions for the late spring and summer commercial areas are carried out, production in those areas seem certain to be substantially smaller than last year.

Acreage intentions for all potatoes in all States were reported as of March 1. According to those intentions, the total national acreage this year will be 12 percent below that planted last year and 8 percent below the acreage suggested for the national goal. If yields per acre by States should be the same as last year, production would be 418 million bushels. If they should be the same as the lower yields of 1944, production would be 320 million bushels.

COTTON

In early March, cotton prices at the 10 markets continued the upward trend that began in late January. The average of 35.39 cents on March 13 was almost 2 cents above February 15 prices and only 10 points below the high average reached last August. Despite the announcement on February 13 that the export subsidy was being reduced from four cents to two cents a pound, prices advanced at 10 markets between 16 and 34 points during each of the following three days. Premiums and discounts for both grade and staple narrowed further in February, but discounts for low grades began widening early in March and at the end of the first week averaged slightly greater than for a month earlier.

The great reduction in supplies of cotton below a year ago and continued strong demand for most textiles are the main price strengthening factors in the market.

Parity price for cotton on February 15 was 27.40 cents. The increase of $\frac{3}{4}$ cent from January 15 was the greatest monthly advance since October 15.

No marked change in the textile market was evident during the past month. Demand was reported strong for most types of cloth with mills selling for delivery into the third quarter. More plentiful supplies of heavier type goods were reported, and buyers' interest was particularly strong for sheetings and print cloths.

Domestic mills used 42,023 bales of cotton per working day in February, slightly less than the January daily rate but 5 percent above the daily rate for the first half of this season. The 840 thousand bales consumed in the month of February brought the total for the first seven months of this season to more than 6 million bales. Consumption for the current crop year would equal at least 10 million bales even should the daily rate of mill use for the last five months decline as much as 8 percent, or significantly more than normal, from the average rate for the first seven months. Assuming domestic use of this amount and net exports of 2.8 million bales (exports of 3 million and imports of 200 thousand bales), the carry-over next August 1 would be 3 million bales. This carry-over would be only 40 percent of last August 1 and the lowest for August 1 since 1929.

WOOL

Increases in the parity price of wool during each of the last few months have required corresponding increases in CCC selling prices for domestic wool. Selling prices for March average about 15 percent higher than before the first upward adjustment was made in the early part of October. March selling prices averaged only slightly less than the prices that CCC is paying for domestic wool.

Prices for fine wools in foreign markets made some further moderate advances in February, but prices of medium wools have leveled off. Costs to mills for most grades of spot imported wool in early March were still about 10 percent lower than costs of similar domestic wools.

Demand for wool fabrics for men's wear continues strong but orders for fabrics for women's wear have declined. Total fabric production in 1947 is expected to be moderately lower than in 1946, when it reached a record high. Production of woven wool fabrics in 1946 was 603 million linear yards, 22 percent larger than in 1945 and 62 percent above the 1939 production. The 1946 production of men's wear fabrics was 27 percent larger than in 1939, and production for women's and children's wear was more than twice as large as 1939. Domestic shorn wool production for 1947 is now forecast at 255 million pounds. This is 34 percent smaller than the 1942 record production and the smallest since 1925.

Wool textile manufacturing in much of Europe increased rapidly during 1946. In 1934-38, continental Europe accounted for two-fifths of world consumption of apparel wool, but was less significant at the end of World War II. By the last months of 1946, though, output of wool textiles was as high as, or above, the 1938 level in many of the important centers of western Europe. Large purchases of Southern Hemisphere wool greatly eased stock shortages that had previously handicapped producers. Textile manufacturing continues to be low in Germany, however, and increases there and elsewhere in Europe will probably be limited by shortages of fuel and power.

TOBACCO

Demand for Pennsylvania and Wisconsin cigar tobacco was strong when this season's sales began in earnest in mid-February. It has remained so in Pennsylvania, where heavy buying of filler advanced prices to between 35 and 37-1/2 cents per pound from early offerings of 28 cents. The average price received for Pennsylvania cigar tobacco during the entire season is expected to be above last year.

In Wisconsin, however, market activity declined during March from the February peak when growers received between 50 and 60 cents per pound for better grades and around 15 cents for stemming and cull tobacco. Those prices were 10 to 15 percent above last season.

As the auction season closed, the average price of burley continued the decline which began in mid-January. The average price on gross sales of 633 million pounds was 39.8 cents per pound--slightly higher than last season. Prices of dark air-cured tobacco declined as the selling season waned. Kentucky and Tennessee fire-cured have been selling intermittently because of congested conditions in packing plants. During February the Eastern and Western Districts were 6 to 9 cents per pound below the same period a year ago,

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- 12 -

with the Western District showing the greater decline. Virginia fire-cured, which ended the selling season March 27, averaged 29.3 cents per pound compared to 31.5 last season. Substantial quantities of burley, fire-cured and dark air-cured were received for Government loans. Late in the flue-cured season as prices declined, increased quantities were delivered for Government loans.

Maryland tobacco auctions will begin in April. Price prospects are considered favorable in view of high cigarette manufacture and exports that are higher than usual.

The January consumption of cigarettes (indicated tax-paid withdrawals) was 12.8 percent higher than in January 1946 and consumption of cigars was 8.4 percent higher. Consumption during the first half of 1947 probably will exceed the same period of 1946. The quantity of chewing and smoking tobacco consumed in January was higher than in December but about 2 percent below last January. Snuff consumption also increased from December to January but was 8.7 percent below January 1946.

Tobacco leaf exports declined moderately from December to January but were 18 percent above January 1946.

Tobacco acreage prospects for 1947 in comparison with 1946 are for small increases in flue-cured, fire-cured, and cigar wrapper and filler. Decreases are expected in burley (11 percent), the acreage allotments for which call for a substantial cut from 1946, and in the dark air-cured types (3 percent). Indications on Maryland and cigar binder types are for the same acreage as in 1946. For all types combined, tobacco acreage intentions show a decrease of 1-1/2 percent from last year. If yields should be the same as the average for the past five years, total tobacco production would be about 9 percent below 1946.